



**Scandinavian Brake Systems A/S**

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CVR-nr. DK 32 77 42 10

**NASDAQ OMX Copenhagen A/S**

Svendborg, 10 March 2016

## **COMPANY ANNOUNCEMENT NO. 01-2016**

### **Intended shutdown of Notox A/S**

On 10 March 2016, the Board of Directors and the Executive Board of the SBS Group discussed the business concept and strategy of Notox prepared in cooperation with an external consultancy.

Notox has continuously been at a loss, and in 2015 it realized EBITDA of DKK -9 million due to very fluctuating sales and low prices in the market. The level of activity in early 2016 is still low, and lower than expected.

The future of particulate filters is developing towards complete solutions and additional processing for which Notox does not have the technology and competences in its current form. To keep up with this development, the SBS Group will have to invest further in Notox at a time where there is considerable uncertainty on the specific future market needs.

The Board of Directors and Management of the SBS Group therefore no longer consider it realistic that Notox can become profitable without taking additional risks and investing significant means and resources in Notox.

Therefore and in accordance with the recommendations of the external report, the Board of Directors intends to shut down Notox.

Due to this, Management of the SBS Group will now initiate a process with the employees about a shutdown of Notox.

An external consultancy has assisted Management with the valuation of Notox. Based on this, Management has prepared an impairment test and assessed a write-down of DKK 145-165 million on assets relating to Notox if the company will be shut down. The assessed write-down relates primarily to production plant, production buildings and deferred tax asset related to Notox.

If the process with the employees will result in a shutdown of Notox, the Group's profit before tax is expected to be affected negatively by DKK 145-165 million in 2015. The Group's equity is affected negatively by DKK 145-165 million. The write-down does not affect the cash resources of the Group.

The Group's capital base will be considered at the Company's next Annual General Meeting.

The Group's core areas - the Automotive and Friction divisions - will not be affected financially or operationally by the potential shutdown of Notox.

The negotiations and the final conclusion of the shutdown of Notox are expected to be completed by the end of March 2016. When the final conclusion is available, a company announcement will be published.

In December 2015, the Group's existing financing agreement with the Group's banking institutions was extended until 30 April 2017.

### **Scandinavian Brake Systems A/S**

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